2025-26 FIRST INTERIM

December 10, 2025

- Board of Trustees

- Antonio Perez, Jr.
- Brenda M. Serrano
- Melissa Got-Lopez
- Derek Grasty
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Dr. Elida MacArthur

Presented by Tracy Huynh

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Presentation Items

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ACRONYM TABLE

Acronym	Meaning
AB	Assembly Bill
ADA	Average Daily Attendance
AMI	Art & Music Intructional
ASES	After School Education & Safety
CALPADS	California Longitudinal Pupil Achievement Data System
CDE	California Department of Education
COLA	Cost-of Living Adjustment
COVID-19	Coronavirus 2019
CPI	Consumer Price Index
DO	District Office
ELO-P	Expanded Learning Opportunity Program
EVSTA	East Valley Schools Tranportation Authority
FTE	Full-time Equipvalent
IDC	Indirect Costs
LAO	Legislative Analyst's Office
LCAP	Local Control Accountability Plan
LCFF	Local Control Funding Formula
LEA	Local Educational Agency
LREBG	Learning Recovery Emergency Block Grant
P-1, P-2, P-A	Period 1, 2 or Annual (to submit the students Attendance Reports)
PERS	California Public Employees' Retirement System (CALPERS)
SACS	Standardized Account Code Structure
SCCOE	Santa Clara County of Education
SELPA	Special Education Local Plan Areas
SpEd	Special Education
STRS	State Teacher Retirement System (CALSTRS)
TOSA	Teacher on Special Assignment
UPK	Universal Pre-Kindergarten

Background

School districts are required to submit their First Interim Budget to the County Office of Education (COE) by mid-December each year.

A district's First Interim Budget is assigned one of three certifications by the County Office of Education (COE): Positive, Qualified, or Negative.

Positive Certification:
Indicates the district will meet its financial obligations for the current fiscal year and the two subsequent fiscal years, including maintaining the state-required minimum reserve (typically 3% for most districts).

Qualified Certification:
Indicates the district may not be able to meet its financial obligations for the current fiscal year and/or one of the two subsequent fiscal years.

Negative Certification:
Indicates the district will be unable to meet its financial obligations in the current fiscal year and the two subsequent fiscal years.

ADA and Enrollment

- The district initially projected a 4% decline in enrollment during the budget development process; however, the updated 2025–26 CALPADS enrollment reflects a much smaller decline of only 1.25%. This improvement is driven in part by significant enrollment growth at the Ida Jew Charter site and an increase in TK enrollment.
- In addition, the district's attendance rate has improved compared to prior years, shifting from a negative 1.44% to a positive 0.89%.
- This increase in ADA results in higher LCFF revenue for the district compared to the Adopted Budget.

Average Daily Attendance (ADA)	2022-23	2023-24	2024-25	2025-26 Month 1
P2 ADA	1,515.26	1,462.28	1,441.20	1,454.07
PA	1,525.98	1,462.30	1,445.55	1,430.31
ADA Change-P2	(87.00)	(52.98)	(21.08)	12.87
% Change-P2	-5.43%	-3.50%	-1.44%	0.89%

CALPADS Enrollment	2022-23	2023-24	2024-25	2025-26 Month 1
Total Enrollment	1,642	1,547	1,519	1,500
Change	(76)	(95)	(28)	(19)
% Change	-4.42%	-5.79%	-1.81%	-1.25%
Total Attendance Rate	92.28%	94.52%	94.88%	96.94%

STAFFING FTES

FTE SNAPSHOT

Year	2023-24	2024-25	2025-26 First Interim	Change from 24-25 to 25-26	2025-26 Budget
Certificated	95.74	96.05	**89.30**	-6.75	86.70
Classified	68.39	73.45	**76.44**	2.99	71.63
Confidential	0.87	1.67	**3.00**	1.33	3.00
Management	17.71	16.10	**15.63**	-0.47	15.00
Board	5.00	5.00	**5.00**	0.00	5.00
SELPA	11.45	12.77	**10.50**	-2.27	11.77
EVSTA	1.00	1.00	**1.00**	0.00	1.00
Total	**200.16**	**206.04**	**200.87**	-5.17	**194.10**

FTE is prorated with a decimal value when a position remains vacant for a period of time during the hiring process.

GENERAL FUND - FIRST INTERIM COMPARED TO ADOPTED BUDGET

Description	2025-26 First Interim			2025-26 Budget		
	Unrestricted	Restricted	Total Fund	Unrestricted	Restricted	Total Fund
A. REVENUES						
1) LCFF Sources	22,807,286.00	0.00	22,807,286.00	21,907,091.00	0.00	21,907,091.00
2) Federal Revenue	0.00	1,019,139.00	1,019,139.00	0.00	965,063.00	965,063.00
3) Other State Revenue	357,099.00	10,245,632.95	10,602,731.95	336,683.00	9,188,620.00	9,525,303.00
4) Other Local Revenue	1,576,893.00	1,433,394.00	3,010,287.00	1,109,346.00	2,536,018.00	3,645,364.00
5) TOTAL, REVENUES	**24,741,278.00**	**12,698,165.95**	**37,439,443.95**	**23,353,120.00**	**12,689,701.00**	**36,042,821.00**
B. EXPENDITURES						
1) Certificated Salaries	8,868,078.00	4,431,169.00	13,299,247.00	8,430,769.00	4,682,225.00	13,112,994.00
2) Classified Salaries	3,511,733.00	3,509,312.00	7,021,045.00	3,412,469.00	3,429,542.00	6,842,011.00
3) Employee Benefits	5,422,131.00	4,054,753.00	9,476,884.00	5,302,720.00	4,084,058.00	9,386,778.00
4) Books and Supplies	401,905.00	1,698,084.00	2,099,989.00	555,974.00	881,862.00	1,437,836.00
5) Services and Other Operating Expenditures	2,569,316.00	4,652,088.00	7,221,404.00	2,782,240.00	3,400,762.00	6,183,002.00
6) Capital Outlay	0.00	60,733.00	60,733.00	0.00	0.00	0.00
7) Other Outgo (excluding Transfers of Indirect Costs)	0.00	0.00	0.00	0.00	476,400.00	476,400.00
8) Other Outgo - Transfers of Indirect Costs	(770,747.00)	668,846.00	(101,901.00)	(774,897.00)	662,492.00	(112,405.00)
9) TOTAL, EXPENDITURES	**20,002,416.00**	**19,074,985.00**	**39,077,401.00**	**19,709,275.00**	**17,617,341.00**	**37,326,616.00**
C. EXCESS (DEFICIENCY)	4,738,862.00	(6,376,819.05)	(1,637,957.05)	3,643,845.00	(4,927,640.00)	(1,283,795.00)
D. OTHER FINANCING SOURCES/USES						
Transfers In	1,800,000.00	0.00	1,800,000.00			
Transfers Out	0.00	600,000.00	600,000.00	0.00	257,000.00	257,000.00
Contributions	(4,847,657.00)	4,847,657.00	0.00	(3,930,302.00)	3,930,302.00	0.00
TOTAL, OTHER FINANCING SOURCES/USES	(3,047,657.00)	4,247,657.00	1,200,000.00	(3,930,302.00)	3,673,302.00	(257,000.00)
E. NET INCREASE (DECREASE) IN FUND BALANCE	**1,691,205.00**	**(2,129,162.05)**	**(437,957.05)**	**(286,457.00)**	**(1,254,338.00)**	**(1,540,795.00)**

FIRST INTERIM - BUDGET SUMMARY

- Compared to the Adopted Budget, total revenues increased by $1.4 million, while total expenditures increased by $1.75 million.
- There was no prior-year carryforward balance in the Unrestricted General Fund.
- To meet the 3% minimum reserve for economic uncertainties and balance the budget, the General Fund borrowed $1,700,000 from Fund 17. In addition, the district transferred $100,000 from SELPA to help maintain its own 3% reserve.
- The district received new one-time restricted funding in 2025–26 from both state and local sources, including:
  - **Student Support and Professional Development Grant (Resource 6019):** Total allocation of $447,625, available for use through 2028–29 (State).
  - **Learning Recovery Emergency Block Grant:** Total estimated allocation of $408,107. The district will receive one third of this allocation each year for 3 years (State).
  - The district also anticipates a **Return on Equity from the School Insurance Group** in the amount of **$215,263**, which will help support increased costs resulting from bargaining settlements.

FIRST INTERIM - BUDGET SUMMARY (continue)

- The contribution to Special Education was $5.3 million in 2024-25. Beginning in 2025–26, the district reclaimed several students from the County Program. As a result, the Special Education contribution was initially budgeted at $3.9 million. However, due to increased services for the needed students, the projected cost has risen to $4.8 million at First Interim.
- With the expiration of one-time funds and uncertainty surrounding future federal funding, the district must closely monitor expenditures in the Restricted Funds. Reductions will need to occur in 2026–27, and planning should begin during the 2025–26 fiscal year.
- The Certificated Bargaining negotiations have been settled and are pending Board approval. The increased cost was not included in the First Interim Budget. If the Board approves the Tentative Agreement at the December 10, 2025 meeting, the new salary rates will be implemented in the January regular pay period, and retroactive payments will be issued in the February regular pay period.
- Negotiations for the Classified bargaining units, Management and Confidential groups has not yet been settled as of First Interim.

General Fund – Salary Cost Listed by Group (Benefits not Included)

Group	SACS Report	Certificated	Classified	Total
Certificated	13,299,247	9,636,443		9,636,443
Classified	7,021,045		4,827,913	4,827,913
Board			14,400	14,400
Certificated Management		1,777,139		1,777,139
Classified Management			784,755	784,755
Confidential			263,188	263,188
Sub Total District Cost		**11,413,582**	**5,890,256**	**17,303,838**
SELPA & EVSTA		1,092,677	424,983	1,517,660
Total Salary for FTE Positions		**$ 12,506,259**	**$ 6,315,239**	**$ 18,821,498**
*Payment for Non-FTE		$ 792,988	$ 705,806	$ 1,498,794
Grand Total	**$ 20,320,292**	$ 13,299,247	$ 7,021,045	**$ 20,320,292**

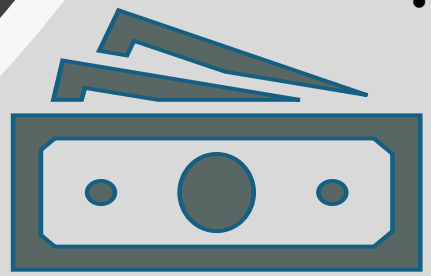
***Note: "Non-FTE" includes extended duties, hourly assignments, substitutes, and stipends.**

MULTI-YEAR PROJECTIONS

Descriptions	2025-26 FIRST INTERIM	2026-27 Projections	2027-28 Projections
Revenues	$ 37,439,444	$ 36,433,611	$ 36,563,759
Expenditures	$ 39,077,401	$ 38,584,983	$ 37,643,677
Surplus/Deficit	$ (1,637,957)	$ (2,151,372)	$ (1,079,918)
Beginning Balance	$ 6,056,710	$ 5,618,753	$ 3,467,381
Transfer-In	$ 1,800,000	$ -	$ -
Transfer-Out	$ (600,000)	$ -	$ -
Ending Fund Balance	$ 5,618,753	$ 3,467,381	$ 2,387,463
3% Minimum Reserve	$ 1,200,000	$ 1,200,000	$ 1,200,000
Restricted Funds	$ 3,885,068	$ 1,774,563	$ 408,295
Assigned Fund Balance	$ 533,685	$ 492,818	$ 779,168

MULTI-YEAR PROJECTIONS – BUDGET ASSUMPTIONS

- **LCFF Revenue:** Assumes a 2% decline in enrollment in each of the two subsequent years.
- **COLA:** Projected at **2.30% for 2025–26**, **3.02% for 2026–27**, and **3.42% for 2027–28**.
- **Step & Column:** Includes a **1.5% step and column increase** for the next two years.
- **Statutory Benefits:** Budgeted with anticipated increases in **PERS** and **STRS** rates.
- **Health Benefits:** The health benefits cap remains at **$17,500 per FTE**.
- **Services and Operating Costs:** Assumes a **2% reduction** in services and operating expenditures in the unrestricted fund and a **5% reduction** in restricted funds.
- **Special Education Contribution:** Due to the difficulty in controlling Special Education costs, no change is projected in the General Fund contribution over the next two years.
- **Restricted Ending Balance:** Of the **$3,885,067** restricted ending balance, **$1,388,911** is attributable to SELPA.
- The administration will provide updated information to the Board in January, following the release of the Governor's proposed state budget.



Next steps

The First Interim Financial Report must be reviewed and accepted by the MPESD Board prior to the submission deadline to the Santa Clara County Office of Education on **December 15, 2025**.

December 10, 2025: Administration presented the Board with the **2025–26 First Interim Report**.

January 14, 2026: Administration will present the Board with the **2024–25 Audit Report**.

January 2026: The Governor is expected to release the **2026–27 Proposed State Budget**.

March 11, 2026: Administration will present the Board with the **2025–26 Second Interim Report**.



QUESTION?



THANK YOU!